

BOILERMECH HOLDINGS BERHAD
(Company No: 897694-T)
(Incorporated In Malaysia)

Minutes of the **Seventh Annual General Meeting** of **Boilermech Holdings Berhad** held at **Throne, Empire Hotel Subang, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan** on **Wednesday, 23 August 2017** at **10.00 a.m.**

PRESENT : As per Attendance List

IN ATTENDANCE : Ms. Angeline Ng Sek Oi – Company Secretary

ACTION

1. CHAIRMAN

1.1 Dr. Chia Song Kun presided as Chairman of the meeting and welcomed all present to the 7th Annual General Meeting ("AGM") of the Company.

2. QUORUM

2.1 The Secretary confirmed that a quorum was present for the meeting pursuant to Article 56 of the Company's Articles of Association.

2.2 The Secretary further informed that 22 valid proxy forms were received within the prescribed period for the 7th AGM, which represented a total of 222,630,636 shares or 43.15% of the issued and paid-up share capital of the Company.

2.3 With the requisite quorum being present, the Chairman declared the meeting duly convened at 10.00 a.m.

3. NOTICE

3.1 The notice of meeting having been circulated earlier was taken as read.

4. SLIDE PRESENTATION ON THE COMPANY'S DEVELOPMENT

4.1 Before proceeding with the agenda items, Mr Chia Lik Khai, the Deputy Managing Director, gave a presentation on the Company's corporate and operational developments.

4.2 After the presentation by Mr Chia Lik Khai, the Chairman welcomed questions from the floor on the Company's corporate and operational matters.

ACTION

4.3 The following enquiries were made by shareholders and/or proxies present and duly addressed by members of the Board and/or key management:-

(i) Recognition of revenue and amount owing from/to contract customers

Revenue recognition is made upon work performance. If billing is issued before work is carried out, the said will be classified as amount owing to customer and vice versa.

(ii) Major raw materials and estimated costs

One of the major raw materials used for the production of boilers is steel, which constitutes about 15% of total raw material costs. Another major cost is labor cost for 2 main components – for fabrication of boiler parts at factory and for installation works at site. Labor costs constitute about 10% to 15% of the total costs.

(iii) Order books and Profit Margins

The Company's order book is normally maintained at about 70 to 80 boilers per year. Profit margins could be affected by market and price competition.

(iv) Market share in Indonesia

There has been strong market and price competition from the palm oil mill boiler industry in Indonesia, which affected the Group's market share there.

(v) Development plans for Pulau Indah land

Management has put development plans for the Pulau Indah land on hold until such time when the market condition is more conducive to proceed further.

5. PROCEEDINGS OF THE AGM AND VOTING PROCEEDINGS

5.1 The Chairman then proceeded to inform the meeting on the proceedings of the 7th AGM and voting proceedings. He explained that in line with Bursa Malaysia Securities Berhad's Listing Requirements, voting for all the resolutions to be tabled at the 7th AGM would be conducted by way of poll.

5.2 To facilitate the smooth running of the meeting, the poll voting for all the resolutions tabled was conducted at the end of the meeting after all the resolutions as set out in the Agenda have been duly tabled.

ACTION

6. TO RECEIVE THE STATUTORY FINANCIAL STATEMENTS AND REPORTS OF THE DIRECTORS AND AUDITORS THEREON FOR THE FINANCIAL YEAR ENDED (“FYE”) 31 MARCH 2017

6.1 The Chairman welcomed questions from the floor with regards to the Statutory Financial Statements and Reports for FYE 31 March 2017.

6.2 The following enquiries were made by shareholders and/or proxies present and duly addressed by members of the Board and/or key management:-

(i) Details of “Other Income” in the Profit and Loss Statement

Mr Chua Wai Hong, the Audit Partner from Messrs Crowe Horwath, referred the shareholders and proxies present to Note 28 of the Statutory Financial Statements FYE 31 March 2017 on page 98 of the Annual Report 2017, which provided the details of the Group’s Other Income.

(ii) Tax incentives or government grants for the Group’s products

Tax incentives had been granted for the Group’s packaged boiler and turbines and power plant boilers, at the effective tax rates of about 7% to 8%.

(iii) Company’s plans on Operations and Maintenance Services

Operations and maintenance services are normally carried out by palm oil millers themselves. The Company’s services is normally sought for major repairs and ad hoc overhaul works which contributes about RM7 to RM8 million to revenue.

(iv) Company’s plans to allot Bonus Shares or Employees’ Share Option Scheme (“ESOS”)

The Company has no immediate plans to undertake any rights or bonus issue of shares or ESOS proposals.

6.3 No further questions were raised by the shareholders thereafter on the Statutory Financial Statements and Reports for FYE 31 March 2017. The said Financial Statements were not put forward for voting as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require the formal approval from the shareholders.

6.4 The Chairman declared the Statutory Financial Statements of the Company and the Group for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon as properly laid and received.

ACTION

7. APPROVAL OF DIRECTORS' FEES AND BENEFITS (COMPRISING MEETING ALLOWANCES) TO THE NON-EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2018 UNTIL THE NEXT ANNUAL GENERAL MEETING ("AGM") OF THE COMPANY

7.1 The following fees and benefits to the Non-Executive Directors ("NED") of the Company for the financial year ending 31 March 2018, i.e. from 1 April 2017 until the next AGM of the Company, were tabled for shareholders' approval:-

- (i) Directors' fees amounting to RM32,000 and SGD2,500 per month; and
- (ii) Meeting allowance of RM1,500 per Malaysian NED and SGD1,600 per Singaporean NED per meeting day.

7.2 To an enquiry from a shareholder, the Chairman clarified that the above meeting allowance was based on per meeting day basis, regardless of the number of meetings held that day.

7.3 There were no further questions raised from the shareholders on the above proposed motions. Based on the poll results, it was RESOLVED:-

"THAT the payment of Directors' fees to the Non-Executive Directors of the Company amounting to RM32,000 and SGD2,500 per month for the financial year ending 31 March 2018, i.e. from 1 April 2017 until the next Annual General Meeting of the Company be hereby approved."

"THAT the payment of meeting allowance of RM1,500 per Malaysian Non-Executive Director and SGD1,600 per Singaporean Non-Executive Director per meeting day for the financial year ending 31 March 2018, i.e. from 1 April 2017 until the next Annual General Meeting of the Company be hereby approved."

8. RE-ELECTION OF DIRECTORS

8.1 Re-election of Mr Gan Chih Soon

There were no questions raised from the shareholders on the proposed motion. Based on the poll results, it was RESOLVED:-

"THAT Mr Gan Chih Soon retiring pursuant to Article 78 of the Company's Articles of Association be and is hereby re-elected as a Director of the Company."

8.2 Re-election of Mr Ho Cheok Yuen

There were no questions raised from the shareholders on the proposed motion. Based on the poll results, it was RESOLVED:-

“THAT Mr Ho Cheok Yuen retiring pursuant to Article 78 of the Company’s Articles of Association be and is hereby re-elected as a Director of the Company.”

8.3 Re-election of Mr Adrian Chair Yong Huang

There were no questions raised from the shareholders on the proposed motion. Based on the poll results, it was RESOLVED:-

“THAT Mr Adrian Chair Yong Huang retiring pursuant to Article 78 of the Company’s Articles of Association be and is hereby re-elected as a Director of the Company.”

9. APPROVAL OF FINAL SINGLE TIER DIVIDEND

9.1 A final single tier dividend of 1.50 sen per ordinary share amounting to RM7,740,000 for the financial year ended 31 March 2017 was tabled for the shareholders’ approval.

9.2 A suggestion was made by a shareholder that the Board might want to consider increasing the dividend payout in future when market conditions improve or when the Company’s earnings per share reaches 10 sen per share. This would boost the marketability of the Company’s shares and share price in future.

9.3 The Chairman thanked the shareholder for the suggestion, duly noting it for future consideration. The Chairman added that although the Company did not have a formal dividend policy in place, the Company had in past years maintained a payout ratio of about 30% of its profit after tax. Whilst the Group’s cash reserves are currently at a healthy level, Management prefers to adopt a prudent stand to maintain the Group’s cash position, taking into account the current slowdown in market and activity level and also for any potential expansion opportunities which might arise.

9.4 There were no further questions received from the shareholders on the proposed motion thereafter. Based on the poll results, it was RESOLVED:-

“THAT the payment of a final single tier dividend of 1.50 sen per ordinary share amounting to RM7,740,000 for the financial year ended 31 March 2017 be and is hereby approved for payment.”

10. RE-APPOINTMENT OF MESSRS. CROWE HORWATH AS AUDITORS OF THE COMPANY

10.1 There were no questions raised from the shareholders on the proposed motion. Based on the poll results, it was RESOLVED:-

“THAT Messrs. Crowe Horwath be and are hereby re-appointed as Auditors of the Company at a fee to be agreed upon with the Directors of the Company and they shall hold office until the conclusion of the next Annual General Meeting.”

11. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

11.1 There were no questions raised from the shareholders on the proposed motion. Based on the poll results, it was RESOLVED:-

“THAT, subject to the Companies Act 2016, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of the issued shares (excluding treasury shares) for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

12. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

12.1 As the Chairman was an interested party in the above proposed motion, he proposed that Mr Low Teng Lum take over the Chairmanship in the tabling of the above motion. With no objections raised by the shareholders, Mr Low Teng Lum took over the Chair and tabled the above motion for shareholders' approval.

ACTION

12.2 There were no questions raised from the shareholders on the proposed motion. Based on the poll results, it was RESOLVED:-

“THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), approval be and is hereby given to the Company and its subsidiary(ies) to enter into recurrent related party transactions of a revenue or trading nature with the related parties (“Recurrent Related Party Transactions”) as set out in Section 2.2 of the Circular to the Shareholders dated 28 July 2017 (“the Circular”), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms’ length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders’ mandate during the financial year, amongst others, based on the following information:
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the names of the related parties involved in each type of Recurrent Related Party Transaction made and their relationship with the Company;
- (iii) the shareholders’ mandate is subject to annual renewal and this shareholders’ mandate shall only continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM, at which this shareholders’ mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

ACTION

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT, the estimates given of the Recurrent Related Party Transactions specified in Section 2.2 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.4 of the Circular.”

- 12.3 Mr. Low Teng Lum handed the Chair back to Dr. Chia Song Kun after the tabling of the above motion.

13. CONDUCT OF POLL

- 13.1 The meeting was adjourned at 11.15 a.m. for the conduct of the poll and was re-convened at 11.40 a.m. after the votes had been counted and verified by the Official Scrutineers, Messrs Coopers Professional Scrutineers Sdn Bhd.

14. ANNOUNCEMENT OF POLL RESULTS

- 14.1 With the report from the Official Scrutineers in hand, the Chairman announced that all the resolutions tabled at the Company's 7th AGM had been approved by the shareholders and proxies present and thereby declared all the resolutions tabled as carried.

15. CLOSURE OF MEETING

- 15.1 There being no further business, the meeting was closed at 11.45 a.m. with a vote of thanks to the Chairman.

CONFIRMED AS A CORRECT RECORD

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CHAIRMAN

Dated: